

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF  
UNITED PARCEL SERVICE  
(UPS/USPS-T0-38-43)

The United States Postal Service hereby provides its responses to the following interrogatories of United Parcel Service: UPS/USPS-38-43, filed on May 3, 2000.

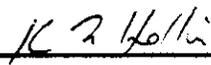
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

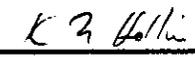
By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
\_\_\_\_\_  
Kenneth N. Hollies

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

  
\_\_\_\_\_  
Kenneth N. Hollies

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May 17, 2000

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**UPS/USPS-37.** Provide all quarterly revenue adjustment factors used in the RPW System to adjust the DRPW estimates for each quarter of FYI 999. If you cannot provide this information, explain in detail why.

**RESPONSE:**

The following are the quarterly revenue adjustment factors (BRAAF) from the RPW Adjustment System for GFY 1999 that were used to adjust DRPW estimates:

PQ 0 GFY 1999	0.7264489561
PQ 2 GFY 1999	0.9067739620
PQ 3 GFY 1999	0.9119429944
PQ 5 GFY 1999	1.1235973008

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**UPS/USPS-38.** For each quarter in FY 1999, provide (a) the quarterly BRPW estimates of revenue, pieces, and weight for each of the mail classes or subclasses for which BRPW was used to derive estimates of revenue, pieces, and weight, (unadjusted or true-up to trial balance), (b) the trial balance revenue balances for each unique account, and (c) the adjustment factors used for each unique trial balance account. If you cannot provide this information, explain in detail why.

**RESPONSE.**

a. The BRPW estimates of RPW totals for the four postal quarters of FY 1999 are provided by subclass in USPS-LR-I-333/R2000-1. Mail class totals can be obtained by summing the subclass estimates provided in the *library reference*.

b-c. The table below provides the trial balance revenues and BRPW adjustment factors for the AIC revenue accounts used in the BRPW to construct the quarterly estimates of RPW totals for the FY 1999 period.

PQ - AIC	AIC Postage	BRPW Factor
1-121	1071988509	0.99637
1-125	337962322	1.01132
1-130	2953013737	1.00483
1-131	91294514	1.04119
1-135	503543121	0.98708
2-121	1189312067	1.00000
2-125	282149044	1.00000
2-130	2463985822	1.00000
2-131	95067151	1.00000
2-135+224+238	492080163	1.03354
3-121	1319542813	0.99278

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3-125	295007867	0.97550
3-130	2699134399	0.99577
3-131	79712481	1.01052
3-135+224+238	523842715	0.94852
3-223	165952184	1.06310
3-237	224253652	1.02166
4-121	1637291786	0.98504
4-125	365560030	0.96933
4-130	3405538223	0.99920
4-131	128867528	1.02253
4-135+224+238	639437307	0.98481
4-223	184188312	1.03489
4-237	256581804	1.01687

For the PQ2, FY 1999, period and due to the implementation of the new rate schedule effective January 19, 1999, the trial balance totals for AIC's 121, 125, 130 and 131 were not complete in time for the PQ2, FY 1999, processing period, and as a result, the unadjusted estimates of totals for the associated mail categories were used in their place.

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**UPS/USPS-39. Provide separately:**

- (a) FY1999 BRPW revenue, piece, and weight estimates for each of (i) Inter-BMC, (ii) Intra-BMC, and (iii) DBMC Parcel Post.
- (b) FY1999 DRPW revenue, piece, and weight estimates for each of (i) Inter-BMC, (ii) Intra-BMC and (iii) DBMC Parcel Post.
- (c) FY1999 OMAS and Alaska Bypass Parcel Post estimates.
- (d) FY1999 Combined Enclosure revenue, piece, and weight estimates for Parcel Post.

**RESPONSE:**

- (a) GFY 1999 BRPW estimates for Permit Imprint Standard Mail (B) Parcel Post

include:

Category	Revenue (000)	Pieces (000)	Weight (000)
Inter-BMC	99,603	25,486	135,910
Intra-BMC	22,630	7,186	53,024
Drop Ship	587,775	220,390	1,278,537
Total	710,008	253,061	1,467,471

- (b) GFY 1999 DRPW estimates for Stamped and Metered Standard Mail (B)

include:

Category	Revenue (000)	Pieces (000)	Weight (000)
Inter-BMC	202,969	34,779	228,539
Intra-BMC	80,991	25,891	120,041
Drop Ship	5,431	1,960	10,994
Total	289,392	62,629	359,574

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(c) GFY 1999 Alaska Bypass and OMAS Standard Mail (B) Parcel Post  
estimates include:

Category	Revenue (000)	Pieces (000)	Weight (000)
Alaska Bypass	13,125	1,966	96,728
OMAS	8,279	1,327	13,199
Total	21,403	3,292	109,927

(d) GFY 1999 Combination Enclosures Revenue Estimates for Standard Mail

(B) include:

Category	Revenue (000)	Pieces (000)	Weight (000)
Comb. Enclosures		69	

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**UPS/USPS-40.** Explain in detail any changes to any part of the RPW process, system, or subsystems for FY 1999 versus what was done in FY1998. If any changes were made, explain in detail for each change why it was made.

**RESPONSE:**

Other than the change described in UPS/USPS-T4-42, there were no RPW Adjustment System changes for GFY 1999 relative to GFY 1998. Beginning FY 1999, CAG D and E RPW panel offices were updated for the DRPW system. This change was made in order to ensure that the sampled panel offices are representative of the population. For the FY 1999 period, improvements were made to the BRPW methodology for the permit imprint BPM and Parcel Post mail categories. For permit imprint BPM, the non-automated office panel was discontinued due to the high automated office coverage ratio exceeding 95 percent. The FY 1999 estimates of permit imprint BPM RPW totals were constructed by expanding the automated office's distribution to the known trial balance revenue. For the permit imprint Parcel Post mail category, the BRPW incorporated a new trial balance account for this mail category as explained in the response to UPS/USPS-41.

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**UPS/USPS-41.** When was a unique trial balance account for BRPW Parcel Post first set up?

- (a) Was it used to develop the FY 1999 BRPW estimates for Parcel Post?
- (b) If not, when was it made part of the RPW process?
- (c) If it has not yet been implemented into the RPW process, explain when it is expected to be implemented.

**RESPONSE.** Effective AP5, FY 1999, a new trial balance account designated AIC 223 was established for the permit imprint Parcel Post mail category.

Effective PQ3, FY 1999, the BRPW began using the quarterly AIC 223 revenue total to adjust the automated office's RPW distribution. Prior to the PQ3, FY 1999 period, the interim factor of 1.0092075 obtained from a PQ2, FY 1997, census was used to inflate the automated office's distribution.

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**UPS/USPS-42.** If any adjustment to the BRPW estimates of revenue, pieces, and weight for Parcel Post was made in FY 1999 to reflect Parcel Post revenue, pieces, and weight sent at non-automated offices (similar to the 1.00920754 blow-up factor used for FY 1998), provide the factor that was used to make that adjustment in FY 1999 and all supporting documentation.

**RESPONSE:**

There was a nonautomated office adjustment to Quarters 0 and 2 GFY 1999

Permit Imprint Standard Mail (B) Parcel Post RPW data derived from the BRPW System. The factor used was:

1.00920754219

Beginning Quarter 3 GFY 1999 BRPW Permit Imprint Standard Mail (B) Parcel Post RPW data were revenue controlled to AIC 223. Therefore, the nonautomated office adjustment was eliminated beginning Quarter 3 GFY 1999.

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**UPS/USPS-43.** In the case of each class or subclass of mail for which the BRPW system was used to derive estimates of revenue, pieces, and weight in FY1999, provide all of the factors used for Postal Quarters 1 and 4 in FY 1999 to convert the BRPW estimates from a PFY basis to a GFY basis.

**RESPONSE:**

Please see the attached tables.

## COMPUTATION OF PQ 5 FY 99 TRIAL BALANCE DATA (ALSO INCLUDES RECLASSIFICATIONS TO GFY TRIAL BALANCE TOTALS)

11/02/99

Note:  $PQ 5 = PQ 7 - (PQ 0 + PQ 2 + PQ 3)$ 

Mail Components	PQ 7 FY 99	- PQ 0 FY 99	- PQ 2 FY 99	- PQ 3 FY 99	= PQ 5 FY 99	PQ 4 FY 99	Factor = PQ 5/PQ 4
41416 (First Class Presort Permit Imprint)	5,246,012,903	844,685,396	1,122,849,628	1,319,542,813	1,958,935,066	1,637,291,786	1.19644836
First Class Presort Stamp and Metered (delivery days factor, Mon.-Sat. excl. Holidays)							1.18279570
41310+41316+41320 (Periodicals)	2,153,511,903	401,486,152	492,080,163	523,842,715	736,102,873	639,437,307	1.15117286
41411+41440 (Standard (A) Bulk Reg Permit Imprint)	11,614,319,689	2,371,267,794	2,456,243,591	2,699,134,399	4,087,673,905	3,405,538,223	1.20030187
STD (A) Bulk Reg Stamp and Metered (delivery days factor, Mon.-Sat. excl. Holidays)							1.18279570
41414+41441 (Standard (A) Bulk NP Permit Imprint)	1,288,944,596	275,262,757	278,412,301	295,007,867	440,261,671	365,560,030	1.20434849
STD (A) Bulk NP Stamp and Metered (delivery days factor, Mon.-Sat. excl. Holidays)							1.18279570
Standard (B) Parcel Post Permit Imprint (delivery days factor, Mon.-Sat. excl. Holidays)							1.18279570
41412 (Standard (B) BPM Permit Imprint)	404,946,182	67,035,809	89,277,262	90,659,486	157,973,625	128,867,528	1.22586060
SIRVAO (delivery days factor, Mon.-Sat. excl. Holidays)							1.18279570

Note: the delivery days factor (Mon.-Sat. excl. Holidays) is 110/93 or

1.18279570 .

## COMPUTATION OF PQ 0 FY 99 TRIAL BALANCE DATA

10/25/99

Note: PQ 0 FY 99 = PQ 1 FY 99 - (PQ 5 FY 98 - PQ 4 FY 98)

## Mail Components

	PQ 1 FY 99	- PQ 5 FY 98	+ PQ 4 FY 98	= PQ 0 FY 99	PQ 0/PQ 1
41416 (First Class Presort Permit Imprint)	1,071,988,509	1,501,869,706	1,274,566,593	844,685,396	0.78796124
First Class Presort Stamp and Metered (delivery days factor, Mon.-Sat. excl. Holidays)					0.76811594
41310+41320 (Periodicals)	503,543,121	716,703,829	614,646,860	401,486,152	0.79732229
41411+41440 (STD (A) Bulk Reg Permit Imprint)	2,953,013,737	3,789,980,708	3,208,234,765	2,371,267,794	0.80299924
STD (A) Bulk Reg Stamp and Metered (delivery days factor, Mon.-Sat. excl. Holidays)					0.76811594
41414+41441 (STD (A) Bulk NP Permit Imprint)	337,962,322	389,117,334	326,417,769	275,262,757	0.81447765
STD (A) Bulk NP Stamp and Metered (delivery days factor, Mon.-Sat. excl. Holidays)					0.76811594
Standard (B) Parcel Post Permit Imprint (delivery days factor, Mon.-Sat. excl. Holidays)					0.76811594
41412 (Standard (B) BPM Permit Imprint)	91,294,514	148,813,083	124,554,378	67,035,809	0.73428080
SIRVO	225,789,348	290,553,419	247,903,376	183,139,305	0.81110693

Note: the delivery days factor (Mon.-Sat. excl. Holidays) is 53/69 or 0.76811594 76.81% .